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January 8, 1999

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FEDERAL COMMUNICATIONS COMMISSION  
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Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: CC Docket Nos. 96-45 and 97-160

Dear Ms. Salas:

On behalf of Aliant Communications Co. ("Aliant"), enclosed for filing are comments in the above-referenced proceeding. Pursuant to the attached request, Aliant seeks confidential treatment for a portion of this filing. Consequently, Aliant is submitting both a public and confidential version of its comments.

Any questions concerning this filing should be directed to the undersigned.

Respectfully submitted,

Robert A. Mazer  
Albert Shuldiner  
Counsel for Aliant Communications Co.

Enclosures

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	
	)	
Forward-Looking Mechanism	)	CC Docket No. 97-160
For High Cost Support for	)	
Non-Rural LECs	)	

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**COMMENTS  
OF  
ALIAN T COMMUNICATIONS CO.**

Aliant Communications Co. ("Aliant"), by its attorneys, hereby submits its comments in the above captioned proceedings<sup>1</sup>, as requested by the Commission in its November 25, 1998 Public Notice.<sup>2</sup> These comments address questions posed at the December 10 and 11, 1998 workshops on input values. Specifically, these comments address plant specific expenses and loop inputs. For ease of reading, the comments are arranged as answers to general questions or issues posed by the Commission.

**I. Comments on Plant Specific Expenses**

**A. Adjustment of Expenses to be "Forward Looking"**

Expenses for the previous year are the most reliable basis for an estimate of expenses for a year into the future. However, certain expenses, especially labor, are likely to increase with inflation and thus expenses should be indexed to account for the rate of inflation.

<sup>1</sup> See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, 12 FCC Rcd 8776 (1997) ("Universal Service Order") and Forward-Looking Mechanism for High Cost Support for Non-Rural LECs, CC Docket No. 97-160, 12 FCC Rcd 18514 (1997).

<sup>2</sup> See FCC Public Notice, DA 98-2406, rel. November 25, 1998.

**B. Adjustable Plant-Specific Expense Inputs**

Plant-specific expense inputs should be adjustable by study area. This amount of specificity is supported by Chairman Kennard's statement on cost proxy models, "This means that we must first adopt an economic cost model appropriate for all non-rural LECs, and then *adopt a method to calculate the cost inputs that will vary from LEC to LEC and from region to region.*"<sup>3</sup>

**C. Use of Rolling Average to Determine Expense Inputs**

Aliant agrees that extraordinary expenses due to one-time events (for example, an early retirement program) should be excluded when determining "forward looking expenses." We would support identification of those expenses and excluding them rather than averaging historical expenses over several years.

**D. Frequency of Expense Input Updates**

Expense inputs should be updated annually. ARMIS reports, which provide the data for the updating of expense inputs, are filed annually and thus the data would be readily available.

**E. Treatment of Expenses Due to Mergers and Acquisitions**

Expenses for mergers and acquisitions should not be included. These are business decisions that are not directly linked with the costs of providing telephone service.

**F. Proposed Expense Inputs**

Some of the proposed expense inputs are low relative to Aliant's experience, as shown in Appendix 1. In fact, Aliant's expense ratios for General Support, COE Circuit Equipment, and Aerial Metallic Investment are 23.90 percent, 4.39 percent, and 15.36 percent respectively, more

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<sup>3</sup> See *FCC News*, Statement By Chairman William E. Kennard On Referral Of Issues To The Federal-State Joint Board On Universal Service, July 17, 1998. (Emphasis added)

than double that proposed by the Commission. Using publicly available ARMIS data, Appendix 1 shows these ratios to be normal operating costs which have remained within this range for the last seven years (Aerial-Metallic data is obtained from non-public company specific sub-accounts and therefore is not shown in Appendix 1).

## **II. Comments on Loop Inputs**

### **A. Separate Fill Factors for Fiber and Copper Feeder Cables**

Separate Fill Factors for fiber and copper would make the model more accurate. Since there is not the requirement for maintenance spare pairs in fiber that there is in copper, the fill factors for fiber can be higher. However, fiber feeders should never be engineered for 100 percent fill. Aliant recommends the following Fill Factors for fiber feeder cables:

#### **Fiber Cable Fill Factors**

Density	Fill Factor
0-5	.75
6-100	.75
101-200	.75
201-650	.75
651	.75
851	.75
2551	.75
5001-10000	.75
10000+	.75

### **B. Reflection of Cable Breakage in Fill Factors**

The following fill factors should be used in sizing copper distribution and feeder cables. To determine the size of a cable to be installed in a specific density zone, the model should divide the number of working conductors required by the appropriate fill factor in the table. It should then select the smallest cable size from the table that provides the resulting number of pairs. The effect of cable breakage should not be included in the fill factors.

**Copper Cable Fill Factors**

Density	Distribution	Feeder
0-5	.60	.75
6-100	.60	.80
101-200	.70	.80
201-650	.70	.85
651-850	.70	.85
851-2550	.70	.85
2551-5000	.70	.85
5001-10000	.70	.85
10000+	.70	.85

**C. Consideration of Plant Mix in Fill Factors for Distribution and Feeder Cables**

Fill Factors for Distribution cable are lower in general than those for Feeder because distribution cables serve neighborhoods and feeder cables serve Serving Areas. The spare capacity of a Distribution cable must be dedicated to the current and future subscribers along its route. On the other hand, the cross connect between Distribution and Feeder cables allows for the spare capacity of the Feeder to be shared among the distribution cables that feed into it. Therefore Fill Factors for Feeder can be higher.

Fill Factors for both Distribution and Feeder cables will be lower in areas of lower customer density than areas of higher customer density. In low-density areas, the primary factors contributing to this are that smaller cables are used and the percentage of buried plant is higher. Reserving an adequate number of spare pairs in a small cable will result in a higher percentage of spare pairs compared to a larger cable. Since it is more costly to reinforce buried cable than it is to reinforce aerial and underground cable, a higher percentage of spare pairs should be engineered into buried plant.

Customer locations are separated by greater distances in low-density areas. Before data transmission over long copper loops was a concern, spare pairs could be shared among customer

locations via bridge multiples or Bridged Tap (BT). Now BT must be minimized due to its detrimental effects on data. Therefore more spare pairs must be provisioned into cables in low-density areas. This is another reason for lower fill factors.

**D. 24 Gauge and 26 Gauge Cable Costs**

Aliant's costs for 24 gauge copper cable are not a fixed multiple of its 26 gauge copper cable costs. The accuracy of the model would be improved if a separate table were added for 24 gauge cable. However, the table should not include nonexistent and unusable sizes, e.g. 3000, 3600 and 4200 pair 24 gauge cable.

Aliant's forward looking costs for 24 and 26 gauge copper cable are shown in Appendix 2. (Nonexistent and unusable cable sizes are not included in these tables.)

**E. Fiber-optic Cable Costs**

Aliant's forward looking costs for fiber-optic cable are shown in Appendix 3.

**F. DLC Cost**

Aliant's DLC costs in the format the FCC has requested are shown in Appendix 4.

**III. Conclusion**

As stated previously, Aliant supports Chairman Kennard's statement recognizing the need for cost inputs that vary by LEC and region. This is especially true for mid-size companies such as Aliant, which do not have the economies of scale and scope of larger LECs.

Aliant welcomes this opportunity to comment and hopes that the submission of this information will allow the Commission to follow through on Chairman Kennard's vision of cost inputs that vary by LEC and region.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert A. Mazer", with a long horizontal flourish extending to the right.

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Counsel for Aliant Communications, Co.

Dated January 8, 1999

## PUBLIC VERSION

**APPENDIX 1**  
**ALANT COMMUNICATIONS**  
**TOTAL REGULATED AMOUNTS**  
**(ARMIS 43-03, Column i)**

		( 000s)						
Description	Account	1991	1992	1993	1994	1995	1996	1997
Land	2111	2,494	2,485	2,484	2,499	2,472	2,484	2,422
Buildings	2121	22,019	22,483	23,042	23,582	24,144	24,772	24,528
Furniture	2122	762	703	779	721	844	666	633
Office	2123	3,475	3,295	3,519	2,930	3,081	3,197	3,411
Equipment								
General	2124	9,637	9,341	9,002	8,190	7,379	5,341	6,371
Purpose								
Computers								
General	6120	7,708	7,469	8,111	8,138	8,619	8,832	8,932
Support								
Expenses								
General		20.08%	19.50%	20.89%	21.46%	22.73%	24.22%	23.90%
Support %								
COE Circuit -	Investment	2232	32,907	31,479	32,924	34,766	40,505	54,647
	Expenses	6232	1,297	1,337	1,628	1,947	2,242	2,397
	%		3.94%	4.25%	4.94%	5.60%	5.54%	4.39%



## Appendix 2

### Copper Cable Costs - Aliant Communications

Pairs	24 GAUGE			26 GAUGE		
	Underground	Buried	Aerial	Underground	Buried	Aerial
4200	N/A	N/A	N/A	\$40.95	N/A	\$40.41
3600	N/A	N/A	N/A	\$34.56	N/A	\$34.09
3000	N/A	N/A	N/A	\$28.98	\$35.03	\$28.55
2400	\$29.66	N/A	N/A	\$23.41	\$28.35	\$23.09
2100	\$25.81	N/A	\$25.51	\$20.29	\$24.72	\$20.00
1800	\$22.69	\$26.58	\$22.42	\$17.86	\$19.29	\$17.59
1200	\$16.34	\$19.87	\$16.03	\$12.95	\$13.76	\$12.63
900	\$12.58	\$15.91	\$12.58	\$9.97	\$10.91	\$9.97
600	\$7.19	\$11.10	\$7.19	\$7.19	\$7.79	\$7.19
400	\$5.91	\$7.80	\$5.08	\$6.00	\$5.62	\$5.02
300	\$4.69	\$5.30	\$6.54	\$4.84	\$4.57	\$5.66
200	\$3.50	\$3.91	\$4.52	\$3.48	\$3.37	\$5.02
100	\$2.25	\$2.48	\$3.46	\$2.25	\$2.24	\$3.07
50	\$1.68	\$1.91	\$2.66	\$1.71	\$1.72	\$2.50
25	\$1.40	\$1.57	\$2.34	\$1.42	\$1.38	\$2.34
18	\$1.42	\$1.43	N/A	N/A	N/A	N/A
12	\$1.20	\$1.38	N/A	N/A	N/A	N/A

N/A = Not Applicable. This cable size is either nonexistent or not applicable in Aliant's network.

**Appendix 3**  
**Fiber Cable Costs - Aliant Communications**

Fibers	Underground	Buried	Aerial
288	\$15.39	\$17.27	\$15.94
144	\$8.82	\$9.88	\$9.37
96	\$6.67	\$7.45	\$7.22
72	\$5.81	\$6.40	\$6.36
60	\$5.41	\$5.93	\$5.96
48	\$4.95	\$5.45	\$5.50
36	\$4.17	\$3.01	\$4.72
24	\$3.61	\$2.46	\$4.16
18	\$3.31	\$2.15	\$3.86
12	\$3.02	\$1.87	\$3.57

## Appendix 4

Withheld from public inspection pursuant to Request for Confidential Treatment under Sections 0.457 and 0.459 of the Commission's Rules.